

OFFICE OF THRIFT SUPERVISION

Approval of Application for Permission to Organize a Federal Savings Bank

Order No.: 2002-51

Date: November 7, 2002

Re: OTS No. 17973

Vision Bancshares, Inc., Gulf Shores, Alabama (the Holding Company) has applied for approval of the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. § 552.2-1, for permission to organize Vision Bank, FSB, Panama City, Florida (the Savings Bank) (the Application).

OTS has considered the Application under the standards set forth in 12 U.S.C. § 1464(e) and 12 C.F.R. §§ 543.3, 545.92(e) and 552.2-1. OTS also has considered the Application under the Community Reinvestment Act (CRA), 12 U.S.C. §§ 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, OTS has considered the submissions made by the Applicant and the results of examinations conducted by federal agencies.

OTS may grant a federal savings association charter only: (1) to persons of good character and responsibility; (2) if, in OTS' judgment, a necessity exists for such association in the community to be served; (3) if there is a reasonable probability for the association's usefulness and success; and (4) if the association can be established without undue injury to properly conducted existing local thrift and home financing institutions. In addition, OTS regulations require that OTS consider whether the association will promote credit for housing consistent with the safe and sound operation of a federal savings association. OTS also takes into account an applicant's description of how it will meet CRA objectives when considering the application. Furthermore, OTS considers the composition of the savings association's board of directors, the amount of initial capital provided by the organizer and the business plan for the savings association, including projected financial information.

The persons who will become the Chairman of the board of directors and the Chief Executive Officer, Chief Financial Officer and President of the Savings Bank each have extensive financial industry experience. The application materials indicate that the remaining members of the proposed board of directors possess extensive experience in the operations of financial institutions and other business endeavors. In addition, routine background checks were made. OTS concludes that the character and responsibility of the persons organizing the Savings Bank are consistent with approval of the Application.

The Savings Bank will engage in deposit and lending activities. The Savings Bank will initially focus its deposit taking and lending in the Bay County, Florida, area, through a home office in downtown Panama City, and a branch office in Panama City Beach. The Bay County area has seen a significant increase in both population and insured deposits. Thus, we conclude that there is a necessity in the community for the Savings Bank.

With respect to undue injury to local thrift and home financing institutions, while the Savings Bank may take some business from existing institutions, those institutions generally are bigger and many operate over a larger territory than will the Savings Bank. Moreover, the Savings Bank proposes to obtain only a small fraction of the deposits in Bay County and no one opposed the application in response to the public notice. Therefore, we conclude that the Savings Bank will not have an adverse impact on local thrift and home financing institutions in the geographic area where its customers will be located.

The Savings Bank will be well capitalized. In addition, the Savings Bank's business plan is reasonable, and the proposed management appears to be competent. In addition, approval of the Application will be subject to various conditions, set forth below, intended to ensure that the Savings Bank follows its business plan, that changes to the business plan included in the Application will not be detrimental to the Savings Bank, that OTS is able to review the Savings Bank's compliance with its business plan and the Savings Bank's controls and procedures, that transactions with affiliates are not detrimental to the Savings Bank, that management of the Savings Bank remains competent, and that the Savings Bank's board of directors, in light of proposed affiliate transactions and other arrangements, operates with an appropriate degree of independence. Accordingly, these conditions are appropriate for maintaining the safe and sound operation of the Savings Bank. We conclude that there is a reasonable probability of the Savings Bank's usefulness and success, provided that the Savings Bank (and the Holding Company, to the extent applicable) complies with the conditions set forth below.

The Savings Bank's business plan projects substantial residential mortgage lending and that the Savings Bank will meet QTL requirements. In addition, we have concluded that the Savings Bank's probability of usefulness and success is consistent with the standards for approval of the Application. Accordingly, we conclude that the Savings Bank will provide credit for housing consistent with the safe and sound operation of a federal savings association.

The Federal Deposit Insurance Corporation has assigned a CRA rating of Satisfactory to the Holding Company's existing commercial bank subsidiary. OTS received no public comments objecting to the Application. In addition, OTS considered the Savings Bank's plans to lend in low- and moderate-income areas within its CRA assessment area and to low- and moderate-income customers. The Savings Bank's CRA

assessment area will be the area encompassed by Bay County, Florida. We find that the Savings Bank has made a satisfactory showing that it will satisfy the requirements for the CRA.

The Savings Bank intends to adopt a federal charter and bylaws that conform to the model charter and bylaws for a federal stock institution. The Savings Bank will have an initial capitalization that exceeds the minimum regulatory requirement. In addition, because the Savings Bank's board of directors will be made up of persons with varied backgrounds and a majority of its members live and/or work in Florida, the composition of the board meets regulatory requirements.

The overall policies, condition and operations of the proposed Savings Bank afford no basis for supervisory objection and the proposed branch will open within twelve months. Therefore, we have determined to authorize the Savings Bank to open the proposed branch office.

Based on the foregoing analysis, OTS concludes that the Application meets the applicable approval criteria, and is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee (Regional Director):


1. The Savings Bank and the Holding Company must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;
2. The proposed transaction must be consummated within one hundred twenty (120) calendar days from the date of this Order;
3. On the business day prior to the consummation of the proposed transaction, the chief financial officers of the Holding Company and the Savings Bank must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Holding Company and the Savings Bank as disclosed in the Application. If additional information having an adverse bearing on any feature of the Application is brought to the attention of the Holding Company, the Savings Bank or OTS since the date of the financial statements submitted with the Application, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Holding Company and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Application, and this Order;

5. The Savings Bank must submit independent audit reports to the Regional Director for its first three years of operations. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its three-year business plan. The Savings Bank must submit any proposed major deviations or material changes from the plan (including those initiated by the Holding Company) for the prior, written non-objection of the Regional Director. The request for change must be submitted no later than 60 calendar days prior to the desired implementation date with a copy to the FDIC Regional Office;
7. For a three year period following commencement of operations, the Savings Bank must submit to the Regional Director within 30 calendar days after the end of each calendar quarter, a business plan variance report detailing the Savings Bank's compliance with the business plan and an explanation of any deviations;
8. No later than five calendar days from the date the Savings Bank opens for business, the chief financial officer of the Savings Bank must provide the Regional Director with a reconciliation of the Savings Bank's capital;
9. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Holding Company or its affiliates, and who have not otherwise been determined by the Regional Director to lack sufficient independence; and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Holding Company or its affiliates and who is not an officer or employee of the Savings Bank, and has not otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of any audit committee established by the Savings Bank must be directors who are not officers or employees of the Savings Bank, the Holding Company or any affiliates. If compliance with this condition involves the selection of additional directors, each director must receive the prior written approval of the Regional Director;
10. For three years following the date of consummation, the Savings Bank must receive the prior written non-objection of the Regional Director for any proposed new directors or senior executive officers or any significant change in responsibilities of any senior executive officer;
11. For eighteen months following the date of consummation, any contracts or agreements pertaining to transactions with affiliates not yet submitted to OTS for review, must be provided to the Regional Director for his written non-objection at least 30 days prior to their execution and implementation;

12. Prior to opening, the Savings Bank must establish detailed policies and procedures for all operations, provide the Regional Director with a resolution of the Savings Bank's board of directors evidencing its review and approval of those policies and procedures and provide copies of such policies and procedures to the Regional Director for his written non-objection; and
13. The Savings Bank must hire a compliance officer prior to opening for business. The compliance officer must receive the prior written non-objection of the Regional Director.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or his designee, effective November 7, 2002.


Scott M. Albinson
Managing Director
Supervision